

**Testimony of Peter A. Darbee
Chairman, CEO, and President
PG&E Corporation**

Before the

**Committee on Energy and Commerce
United States House of Representatives**

Legislative Hearing on the United States Climate Action Partnership

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Chairman Waxman, Ranking Member Barton, and Members of the Committee: Thank you for your invitation to testify today as a member of the United States Climate Action Partnership, or USCAP.

PG&E Corporation is an energy holding company headquartered in San Francisco, California and the parent company of Pacific Gas and Electric Company. Pacific Gas and Electric Company is California's largest utility, providing electricity and natural gas to more than 15 million people throughout northern and central California. PG&E is a recognized leader in energy efficiency and has among the cleanest mixes of electric power of any utility in the country.

We have been at the forefront of the climate discussion at the state and federal levels, and our position is clear. We believe the link between greenhouse gas (GHG) emissions and the Earth's warming climate is convincing, the potential consequences are serious, and the need for action is urgent. Because emissions from the combustion of fossil fuels is the single largest contributor to global climate change, the way energy is produced, distributed and consumed has profound implications.

To combat climate change, we support the adoption of a mandatory, national, economy-wide system to reduce GHG emissions. How such a program is structured and implemented may be the single greatest factor influencing the direction of the energy industry in the decades

ahead. It will also have impacts with regard to the nature of the U.S. economy for generations.

These are among the reasons that PG&E became a founding member of the U.S. Climate Action Partnership (USCAP). USCAP launched its landmark report, titled *A Call for Action*¹, in January 2007, which lays out a framework for climate protection legislation. Today USCAP includes 31 businesses and leading environmental organizations.² USCAP recognizes that the United States faces an urgent need to reinvigorate our nation's economy, enhance the country's energy security, and take meaningful action to slow, stop and reverse GHG emissions to address climate change. Thoughtful and comprehensive national energy and climate policy will help secure our economic prosperity and provide opportunities to American businesses and the nation's workforce.

We support enactment of an economy-wide, market-driven approach incorporating a well-crafted cap-and-trade program that includes specified limits on GHG emissions, robust cost-containment measures complementary policies and measures to supplement the cap-and-trade program, and a fully funded federal technology research, development, demonstration, and deployment program for climate-friendly technologies. We believe properly designed legislation can encourage innovation, enhance America's energy security, foster economic growth, improve our balance of trade, and provide critically needed U.S. leadership on this vital global challenge.

We recognize the challenge facing this Committee in crafting comprehensive climate change legislation. We look forward to the opportunity to be a resource for the Committee as a unique and diverse group that can help navigate the complexities inherent in any effort to address this challenge. The need to begin the transition to a sustainable, secure, low-carbon economy is

¹ *A Call for Action* available at: <http://us-cap.org/USCAPCallforAction.pdf>.

² The current members of USCAP are: Alcoa; American International Group, Inc.; Boston Scientific Corporation; BP America, Inc.; Caterpillar Inc.; Chrysler LLC; ConocoPhillips; Deere & Co.; Dow Chemical Company; Duke Energy; DuPont; Environmental Defense Fund; Exelon Corporation; Ford Motor Company; FPL Group; General Electric; General Motors Corporation; Johnson & Johnson; Marsh, Inc.; Natural Resources Defense Council; NRG Energy; PepsiCo North America; Pew Center on Global Climate Change; PG&E Corporation; PNM Resources; Rio Tinto; Shell Oil Company; Siemens Corporation; The Nature Conservancy; World Resources Institute; and Xerox Corporation.

compelling and timely. For example, according to the Brattle Group, the electric power industry is expected to invest on the order of \$1.5 trillion over the next 15 to 20 years to meet future demand and modernize the nation's electric infrastructure. These investments will be made regardless of the nation's response to the climate challenge. The important questions are where will these investments be made, and how can we ensure that they will support our future environmental, economic and energy security goals.

Recent debate surrounding the crafting of an economic stimulus and recovery package early in the 111th Congress has included discussion of proposals to spur development of renewable and clean energy solutions. We agree that such efforts can and should be taken as early as possible. Additionally, a central tenet of our *Call for Action* is that in order to effect the change needed throughout the economy, an economy-wide cap-and-trade system is essential. When combined with the necessary complementary measures, the resulting new vision and policy direction will spur innovation and technology development – a process in which America has always excelled. When given the proper tools, incentives and market signals, we believe the American entrepreneurial spirit will lead to the sustainable solutions required to meet our many economic, energy, environmental and national security challenges.

USCAP has worked to help inform congressional deliberations on these issues over the past two years. Since issuing our *Call for Action*, we have provided Congress with international principles and more detailed information on the topics of cost containment, energy efficiency, geologic carbon storage technologies and a greenhouse gas registry. Further, our diverse and broad-based coalition has and will continue to serve as a sounding board for policy-makers as they contemplate legislative options.

Specific to energy efficiency, USCAP has released previously a set of detailed policy recommendations that expanded upon those included in the *Call for Action*. The recommendations provide extensive detail on developing stronger energy efficiency codes and standards for buildings, equipment and appliances, implementing tax policies that encourage both consumers and manufacturers to make investments in energy efficiency products and processes, establishing transparent, complete, and accurate evaluation,

monitoring and verification protocols for measuring energy reductions, and properly aligning utility incentives to pursue and promote energy efficiency.

PG&E believes the energy efficiency recommendations made by USCAP provide a critical and necessary foundation for achieving aggressive reductions in greenhouse gas emissions. With over 30 years of experience deploying energy efficiency measures, PG&E's efficiency efforts alone have saved our customers an estimated \$20 billion, and avoided 125 million tons of greenhouse gas emissions. As a state, California has kept per capita energy use flat over the past 30 years, and has thereby avoided the need to build 24 large power plants. These savings have been possible through careful and focused energy efficiency regulation and legislation at the state level. Imagine the energy, cost and emissions savings we as a nation could achieve through comprehensive energy efficiency policy as part of a climate change program. The time is now to view energy efficiency as the first available fuel for energy production, because it is highly cost-effective, relatively fast to deploy, achievable with existing technology, and importantly, non-emitting.

Over the past six months, USCAP members have worked diligently to refine our policy recommendations in order to better advise Congress and the incoming Administration on workable solutions. We have agreed upon a framework for a balanced and integrated approach to key linked issues that must be addressed in any national climate legislation.

USCAP is committed to helping Congress find workable, cost-effective approaches to climate change. We believe that path forward exists and that we must embark on the journey with deliberate speed. Representing many sectors of the economy, USCAP believes we are in the unique position to work with the President-elect, Congress and all other stakeholders to enact an environmentally effective, economically sustainable and fair climate change program. We look forward to working with the Committee in the 111th Congress to ensure prompt enactment of national climate protection legislation.

Thank You.